

Example of application funded under the following solicitation:

Recovery Act: FY2009 Edward Byrne Memorial Competitive
Grant Program (Local Project)

Applicant: San Francisco District Attorneys Office

APPLICATION FOR

1. TYPE OF SUBMISSION Application Non-Construction		2. DATE SUBMITTED 04/24/2009	APPLICATION IDENTIFIER
		3. DATE RECEIVED BY STATE	STATE APPLICATION IDENTIFIER
		4. DATE RECEIVED BY FEDERAL AGENCY	FEDERAL IDENTIFIER
5. APPLICANT INFORMATION			
Legal Name San Francisco District Attorneys Office		Organizational Unit Office of the District Attorney	
Address (city, state, and zip code) 850 Bryant Street Room 322 San Francisco, California 94103-4600		Name and telephone number of the person to be contacted on matters involving this application Lauren Bell (415) 553-4919	
6. EMPLOYER IDENTIFICATION NUMBER (EIN)		7. TYPE OF APPLICANT Public Agency	
8. TYPE OF APPLICATION New		9. NAME OF FEDERAL AGENCY Bureau of Justice Assistance	
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE Number: 16.808 CFDA Title: 16.808 - Recovery Act Byrne Competitive		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT Mortgage and Investment Fraud Prosecution and Education Project	
12. AREAS AFFECTED BY PROJECT City & County of San Francisco			
13. PROPOSED PROJECT		14. CONGRESSIONAL DISTRICT(S) OF	
Start Date: 07/01/2009	Ending Date: 06/30/2011	a. Applicant CA08	b. Project CA08
15. ESTIMATED FUNDING		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?	
a. Federal	\$1,066,026	Program has not been selected by state for review	
b. Applicant	\$0		
c. State	\$0		
d. Local	\$0		
e. Other	\$0		
f. Program Income	\$0	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?	
g. Total	\$1,066,026	N	
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS REQUIRED.			
a. Typed Name of Authorized Representative Kamala Harris		b. Title Prosecutor	c. Telephone number (415) 553-1741
d. Signature of Authorized Representative		e. Date Signed	

PROGRAM ABSTRACT – Category III: Reducing Mortgage Fraud and Crime

Related to Vacant Properties

Applicant's name: San Francisco District Attorney's Office

Project title: Mortgage and Investment Fraud Prosecution and Education Project

Dollar Amount Requested: \$1,066,026

Project goal: The primary goal of the project is to decrease mortgage and investment fraud in San Francisco and protect vulnerable homeowners.

Description of strategies to be used: (a) Create a model Mortgage and Investment Fraud Unit in the San Francisco District Attorney's Office that prosecutes complex fraud schemes, coordinates with federal and state law enforcement, and trains other jurisdictions on prosecuting mortgage fraud; and (b) Engage in a multi-agency public education campaign to empower homeowners and improve neighborhood conditions.

Numerical listing of key/major deliverables: (1) Create SF DA Office's Mortgage and Investment Fraud Unit comprised of 3 new positions; (2) Investigate and prosecute 5-10 complex cases annually; (3) Collaborate with U.S. Attorney Mortgage Fraud Task Force and California Department of Real Estate to leverage resources and reduce redundant activities; (4) Develop and launch multi-agency public education campaign that trains 500 San Francisco residents about mortgage fraud and vacant property crime prevention and provides critical information via radio to over 2 million Bay Area residents.

Coordination plans: The SFDA Mortgage and Investment Fraud Unit will support federal investigation and prosecution through full participation in the U.S. Attorney's Mortgage Fraud Task Force and support state investigations by receiving referrals from the California Department of Real Estate Investigations Division.

PROGRAM NARRATIVE – CATEGORY III

PROBLEM TO BE ADDRESSED: In San Francisco last year, the number of foreclosures increased by 723 percent, up from just 81 in 2006 to 667 in 2008. The vast majority of the homes lost to foreclosure are in San Francisco's Southeast Sector, the region comprised of low to moderate income families, communities of color and seniors. Indications are that foreclosures for these homeowners are not slowing down. A recent study found that three out of four San Francisco homebuyers received an adjustable rate mortgage from 2005 to 2006. Most at-risk homeowners are Latino, Asian or African American and received riskier and more expensive loans than most white homebuyers. Notices of Default are up 121 percent.

In this climate, mortgage and investment fraud targeting at-risk homeowners is rapidly on the rise. New scams targeting vulnerable communities are cropping up, such as "loss mitigation" companies promising to help distressed homeowners – for a fee. The companies do nothing to help and mortgages fall further behind until banks foreclose on the homes. Countless homeowners have been defrauded by similar schemes. Elderly homeowners are being targeted for "reverse mortgages" – one in every four of which is sold in California – and distressed homeowners are being targeted for scams such as tax reassessment solicitations and investment fraud by professionals who start with legitimate mortgage activities and then engage in subsequent fraud. Instead of receiving desperately needed help, distressed homeowners are being defrauded out of money and their homes.

The San Francisco District Attorney's Office has built significant expertise and success in prosecuting mortgage and investment fraud. The Office has also supported federal enforcement efforts and advocated for legislative protection for potential

mortgage fraud victims. As of today, we are operating well beyond actual capacity. The SF DA's Office and Police Department have a swelling backlog of fraud cases. At the same time, the SF DA's Office has suffered significant budget cuts in the last year, resulting in staff layoffs and an office-wide strain on resources. We need to create a stand-alone Mortgage and Investment Fraud Unit that can keep up with demand and also begin targeting the "middle men" who play a central role in the fraud industry – the local lenders, real estate brokers, loan consultants and investment advisors who facilitate fraud against hundreds of people. Pursuing cases against these criminals requires extremely intensive and detailed investigations. Middle men are sophisticated and their companies disappear quickly. We also need resources to partner closely with the U.S. Attorney's Mortgage Fraud Task Force and California's Department of Real Estate (DRE) – which is itself dramatically understaffed - and to engage in public education to help residents avoid fraud, protect their homes, and reduce crime around vacant properties.

With additional resources, San Francisco is poised to stop mortgage and investment fraud, help distressed homeowners, reduce blight, and develop a replicable model for other jurisdictions. Just this year, the San Francisco Mayor's Office and the Board of Supervisors developed a fair lending working group that analyzed the foreclosure crisis in San Francisco and made recommendations on how to help homeowners. The SF DA's Office recently joined with the Assessor-Recorder's Office to begin a public education initiative to raise awareness about fraud, teach financial literacy, and connect residents to agencies that can help.

EXPEDITIOUS JOB CREATION AND ECONOMIC BENEFITS: The SF DA's Office will fill requested positions within 60 days of the City accepting the grant.

Addressing mortgage fraud through prosecution and public education also creates significant benefits in the local economy. Distressed homeowners get help to protect their homes and avoid foreclosure. They are also empowered to recognize and avoid fraud. Stability for at-risk homeowners improves the local economy and reduces neighborhood blight, which helps improve San Francisco's image and ability to attract and protect legitimate businesses families, and residents.

PROJECT GOALS AND OBJECTIVES: The Mortgage and Investment Fraud Prosecution and Education Project aims to promote economic recovery and assist those most impacted by the recession by curtailing and preventing fraud, protecting homeownership, and empowering residents to improve neighborhood conditions.

Project Goal: The primary goal of the project is to decrease mortgage and investment fraud in San Francisco and protect vulnerable homeowners.

Project Objectives: (a) Create a model Mortgage and Investment Fraud Unit in the San Francisco District Attorney's Office that prosecutes complex fraud schemes, coordinates with the U.S. Attorney's Office Mortgage Fraud Task Force and California Department of Real Estate, and trains other jurisdictions on how to prosecute mortgage fraud; and (b) Engage in a multi-agency public education campaign to empower homeowners and improve neighborhood conditions.

Measurable Outcomes: (1) Create a Mortgage and Investment Fraud Unit comprised of 3 new positions; (2) Investigate and prosecute 5-10 complex cases annually; (3) Collaborate with U.S. Attorney Mortgage Fraud Task Force and California Department of Real Estate Investigations Division to leverage resources and reduce redundant activities; (4) Train 500 San Francisco residents about mortgage fraud and

vacant property crime prevention and provide critical information via radio to over 2 million Bay Area residents; and (5) Work with the City to identify sustainable funding.

PROJECT DESIGN AND PROPOSED IMPLEMENTATION: This proposal is designed to address the current gaps in San Francisco's ability to stamp out fraud and build off existing strengths in the City's infrastructure.

(a) Prosecution Component: We seek to create a fully-staffed Mortgage and Investment Fraud Unit in the SF DA's Office. The Unit will include an attorney with extensive experience prosecuting mortgage/financial fraud cases and two investigators (including one senior investigator), at least one of which has experience in forensic accounting. The Unit will contract with a forensic accounting expert to advise on specific cases and develop team capacity. The team will also participate in ongoing training provided by the U.S. Attorney's Mortgage Fraud Task Force, California District Attorneys' Association, and the Commission on Peace Officers Standards & Training.

The Mortgage and Investment Fraud Unit will focus its investigation and prosecution on state-chartered lending institutions, as well as mortgage brokers, real estate agents and investment advisors who have preyed upon vulnerable populations. There clearly is a role for both federal and state prosecution of the various types of mortgage and investment fraud. The unit's work will fill a critical gap in enforcement by uncovering the fraudulent acts of these "middle men," who play a central role in the industry, thus impacting these crimes on a significant scale. Investigating and prosecuting these types of cases, especially when they involve businesses and financial institutions, is very time-consuming and complex, taking many, many months to investigate and, oftentimes, twice as long to prosecute to completion. We will

immediately expand our participation in the United States Attorney's Mortgage Fraud Task Force, a regional task force that has been collaborating on issues of mortgage fraud in many of the Bay Area counties. The SF DA's Office already has an established relationship with the Task Force and has been an active member of this task force to the degree that our limited resources have permitted. The Unit also will immediately establish a referral relationship with the California DRE's Investigations Division so that DRE can refer local cases to the DA's Office. DRE can then leverage our local investigation and prosecution efforts to mitigate its own significant understaffing.

This is an issue of national significance, and the proposed unit will be in a unique position to develop expert practices that it can then share with other prosecutors across the county. District Attorney Harris is an active leader in both the National District Attorneys Association and California District Attorneys Association, and our staff regularly participates in conferences to train other jurisdictions about our model practices.

(b) Public Education Component: In coordination with the Assessor Recorders Office and the City Attorney's Office, the SF DA's Office will systematically outreach to homeowners receiving Notices of Default, warn homeowners of mortgage scams, train residents in financial literacy, post warnings on websites and Public Service Announcements on radio, and work with community centers, churches, and neighborhood associations to train residents in accessing services, reporting fraud, reporting blight associated with abandoned buildings, and working with city agencies to help reduce crime around abandoned properties in their neighborhoods.

IMPROVING FUNCTIONING OF THE CRIMINAL JUSTICE SYSTEM: An appropriately resourced Mortgage and Investment Fraud Unit will enable the SF DA's

Office to respond to the exploding increase in mortgage fraud and related crimes. Without this Unit, our office – and thus the criminal justice system – simply cannot investigate and prosecute these crimes, particularly those that are most complex and affect multiple victims. Focusing on crimes involving elderly and minority victims also fortifies the criminal justice system’s capacity to protect those least able to protect themselves. Collaboration with the U.S. Attorney strengthens local and federal efforts.

APPLICANT CAPABILITY/STAFF COMPETENCIES: The SF DA’s Special Prosecutions Division is fully prepared to quickly implement the project. The Mortgage and Investment Fraud prosecutor will leverage the expertise of Alan Kennedy, a veteran prosecutor who has extensive experience prosecuting mortgage and investment fraud of elderly victims. The new investigators will have the full support of the SF DA’s Investigations Bureau. The Unit will work closely with the SF DA’s Communications Team to develop and implement the public education component, building on similar efforts already successfully created and implemented by our communications staff.

MANAGEMENT STRUCTURE/PROJECT STAFFING: The Mortgage and Investment Fraud Unit will be comprised of one prosecutor and two investigators. It will be part of the SF DA’s Special Prosecutions Division and will report to the Chief of Special Prosecutions, who is a member of District Attorney Harris’s Executive Team. The public education component will be managed by the SF DA’s Communication Director, who is also a member of the Executive Team.

FISCAL TRACKING: All federal grants are tracked by federal CFDA numbers. Upon receiving funds, the SFDA Finance Division sets up grants in the accounting system with unique grant codes. The CFDA numbers are imbedded into each of these

grant codes. Expenditures appropriate to the grant are directly charged to the grant.

Expenditures are monitored monthly with cost reimbursement requests no less than once a quarter.

EVALUATION COMMITMENT & CAPACITY: The SF DA's Office is willing to participate in an NIJ evaluation of the proposed project and has a successful history working with NIJ on evaluation activities, most notably the evaluation of our First Offender Prostitution Program, in which the NIJ's contracted evaluator wrote that "We have conducted many studies at many sites over many years, and we have never had greater cooperation and support than we have experienced while conducting this evaluation." The Special Prosecutions Division has a successful history of tracking data and providing reports to the City's Real Estate Fraud Prosecution Trust Fund Committee.

ASSESSING EFFECTIVENESS: Investigation and prosecution effectiveness will be demonstrated through the successful prosecution of cases and positive collaborative relationships with the U.S. Attorney and California DRE. The public education campaign's effectiveness will be demonstrated through increased numbers of homeowners and residents requesting assistance from appropriate city agencies. As described on pages 5-6, the project will improve the functioning of both local and federal criminal justice systems.

DATA COLLECTION & REPORTING: We will track data for this project on the following mandatory performance measures: (1) Number of jobs retained (by type) due to Recovery Act funding; (2) Number of jobs created (by type) due to Recovery Act funding; (3) Percent of essential services maintained without disruption; (4) Percent increase of essential services; (5) Number of collaborative partnerships established to

avoid reductions in essential services and duplication; (6) Percentage of planned initiatives implemented; (7) Percentage of individuals who completed (intended) programming; and (8) Cost savings as a result of new initiatives implemented.

Data for (1)-(4) will be collected and maintained by the Mortgage and Investment Fraud Unit Attorney; (3) and (4) will be calculated based on the number of mortgage and investment cases investigated in the prior year compared with the number of cases in the first and second grant years. Data for (5) will be tracked by the both Mortgage and Investment Fraud Unit (for collaborations with the U.S. Attorney and California Department of Real Estate) and the Communications Team (for collaboration with other City departments on the public education campaign). Data for (6) and (7) will be tracked by the SF DA's Policy Team as it relates to the public education campaign. The SF DA's Policy Team will analyze (8), collect data for (1)-(8) and report it to DOJ.

TIMELINE & SUSTAINABILITY PLAN: All project activities will begin immediately upon commencement of the grant period. Investigation and prosecution activities will continue steadily throughout the 24 month period; the public education campaign will be launched in months 5 with ongoing activities through month 24. Throughout the grant period the SF DA's Office will work with relevant city agencies and officials to develop a sustainability plan. Due to a recent change in state law, San Francisco will be receiving increased funds from real estate transfers; we anticipate that a portion of that funding will be used to sustain this project. Public education materials and collaborative relationships created through the project will strengthen the SF DA Office's mortgage fraud work well beyond the grant period.

Budget Worksheet – Category III

A. Personnel \$765,284

Name	Computation	Cost
Attorney Sr. Investigator Investigator		

B. Fringe Benefits \$208,262

Name	Computation (Rate)	Cost
Attorney Sr. Investigator Investigator		

C. Travel \$3,380

Purpose	Location	Item	Computation	Cost
DOJ required - Seattle, WA		Airfare	\$250 average fare x 2 attendees	\$500
		Hotel	\$158 gov't rate x 2 attendees x 2 nights	\$632
		Per diem	\$64 gov't rate x 2 attendees x 2 days	\$256
DOJ required – Wash, DC		Airfare	\$450 average fare x 2 attendees	\$900
		Hotel	\$209 gov't rate x 2 attendees x 2 nights	\$836
		Per diem	\$64 gov't rate x 2 attendees x 2 days	\$256

D. Equipment \$0

Item	Computation	Cost
None requested.		

E. Supplies \$0

Supply Item	Computation	Cost
None requested.		

F. Construction \$0

Description	Computation	Cost
None requested.		

G. Consultants/Contracts \$72,000

<i>Consultant Fees</i>			
Name	Service	Computation	Cost
TBD	Forensic Accounting Expert	\$200/hr x 250 hours	\$50,000
<i>Contracts</i>			
Item			Cost
Audio news release production and distribution			\$10,000
Graphic design for public education campaign			\$12,000
CBS Outdoor (posting print materials on buses)			\$10,000

H. Other \$17,100

Description	Computation	Cost
<u>Printing costs for public awareness campaign:</u>		
Bus "queens" (for side of buses)	\$76/unit x 50 + delivery costs	\$4300
Bus interior posters	\$12/unit x 150	\$1800
Banner for presentations	\$500/unit for 2	\$1,000
Informational brochures	\$1/brochure for 9000 brochures	\$9,000
Posters	\$5/poster for 200 posters	\$1,000

Total Direct Costs \$1,066,026**I. Indirect Costs**

None requested.

Budget Summary Page

A. Personnel/Salary Costs	<u>\$765,284</u>
B. Fringe Benefits	<u>\$208,262</u>
C. Travel	<u>\$3,380</u>
D. Equipment	<u>\$0</u>
E. Supplies	<u>\$0</u>
F. Construction	Unallowable
G. Consultants/Contracts	<u>\$72,000</u>
H. Other	<u>\$17,100</u>
I. Indirect Costs	<u>\$0</u>
TOTAL PROJECT COSTS	<u>\$1,066,026</u>
Federal Request	<u>\$1,066,026</u>
Applicant Funds, if any, to be applied to this project	<u>\$0</u>

Budget Narrative:

A. Personnel

The proposed positions – a prosecutor and two investigators – are the core of the proposed project. The prosecutor will be experienced in mortgage/investment fraud. One investigator will be a senior investigator and one will have experience and training in forensic accounting. These positions will comprise the Mortgage and Investment Fraud unit and will be responsible for investigation and prosecution of mortgage and related investment fraud cases, with an emphasis on complex cases and vulnerable victims (elderly and minority). These staff members also will coordinate with federal and state law enforcement to leverage resources and minimize redundant efforts.

B. Fringe Benefits

Fringe benefits include Social Security, Medicare, Flex Benefits, Health Insurance, Dependent Coverage, Long Term Disability, Retirement, Unemployment Insurance and Dental Insurance. However, costs for some benefits differ based on the position and bargaining unit. The breakdown is as follows:

C. Travel

The proposed budget includes funds for two San Francisco District Attorney staff members to attend two Department of Justice-sponsored grant meetings, one in Washington, DC and one at a regional site (Seattle, WA).

D. Equipment

None requested.

E. Supplies

None requested.

F. Construction

None requested.

G. Consultants/Contracts

The Mortgage and Investment Fraud Unit will contract with a forensic accounting expert for two purposes: (1) to assist in investigation and prosecution of cases, including providing expert testimony; (2) to provide training and technical assistance to Unit staff. This expert has not yet been identified.

A critical piece of the project will be a Public Education Campaign designed to educate vulnerable homeowners at risk of mortgage and investment fraud about their rights and how to get help. This campaign will be comprised of three components: (1) audio news releases which will be broadcast widely on Bay Area radio (including stations that serve minority listeners); (2) information on buses throughout the City; and (3) SFDA staff and representatives from other City agencies presenting information in community-based venues.

Both the audio news release contract and bus campaign will take place twice during the grant period; budgeted contract amounts for both reflect this. The graphic design contract will be used to design the bus campaign and other print materials and is based on similar prior project budgets.

Bus posters (both “queens”, which are posted on the exterior sides of buses and interior signs) and informational brochures will be printed in three versions – English, Spanish and Chinese to ensure that the information is accessible to San Francisco’s diverse communities.

H. Other

Grant funds will be used to support a Public Education Campaign to educate homeowners who are vulnerable to mortgage and investment-related fraud and empower San Francisco residents to access City resources to prevent crime in vacant properties and neighborhood blight.

Bus posters (both “queens”, which are posted on the exterior sides of buses and interior signs) and informational brochures will be printed in three versions – English, Spanish and Chinese to ensure that the information is accessible to San Francisco’s diverse communities.

I. Indirect Costs

None requested.